



Swedbank's first quarter 2018 results

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Good loan volume growth

SEKm	Q1 18	Q4 17	▲ QoQ
Net interest income	3 877	3 861	16
Net commission income	1 884	1 960	-76
Other income	483	625	-142
Total income	6 244	6 446	-202
Total expenses	2 272	2 311	-39
Profit before impairments	3 972	4 135	-163
Credit impairments	253	264	-11
Ratios	Q1 18	Q4 17	
ROE, %	19.7	21.3	
C/I ratio	0.36	0.36	
Volumes, SEKbn	Q1 18	Q4 17	▲ QoQ
Loans	1 164	1 150	14
Deposits	523	525	-2

- Net interest income
 - Continued mortgage loan volume growth and slightly higher margins
 - Corporate loan volume growth
 - Higher resolution fund fee
- Net commission income
 - Lower stock market related income
 - Strong mutual fund inflows
- Other income
 - Good activity in life insurance business
 - EnterCard and life insurance one-offs in Q4
- Solid asset quality

Diversified loan volume growth

SEKm	Q1 18	Q4 17	▲ QoQ
Net interest income	1 103	1 116	-13
Net commission income	593	711	-118
Other income	209	226	-17
Total income	1 905	2 053	-148
Total expenses	661	737	-76
Profit before impairments	1 244	1 316	-72
Credit impairments	-26	-12	-14

Ratios	Q1 18	Q4 17
ROE, %	19.2	20.8
C/I ratio	0.35	0.36

Volumes, SEKbn	Q1 18	Q4 17	▲ QoQ
Loans	159	149	10
Deposits	195	185	10

- Net interest income
 - Lending growth to both households and corporates
 - Mixed margins
- Net commission income
 - Cards and asset management income seasonally lower
- Positive FX effects
- Stable asset quality

Stable result

SEKm	Q1 18	Q4 17	▲ QoQ
Net interest income	930	934	-4
Net commission income	621	656	-35
Net gains and losses	564	333	231
Other income	22	42	-20
Total income	2 137	1 965	172
Total expenses	959	862	97
Profit before impairments	1 178	1 103	75
Credit impairments	-100	59	-159
Ratios	Q1 18	Q4 17	
ROE, %	16.9	14.3	
C/I ratio	0.45	0.44	
Volumes, SEKbn	Q1 18	Q4 17	▲ QoQ
Loans	205	203	2
Deposits	150	128	22

- Stable net interest income
- Net commission income
 - Lower asset management, brokerage and custody incomes
- Net gains and losses
 - Positive FX effects
 - CVA adjustment effects
 - Increased customer interest rate hedging activity
- Loan loss reversals

Group results

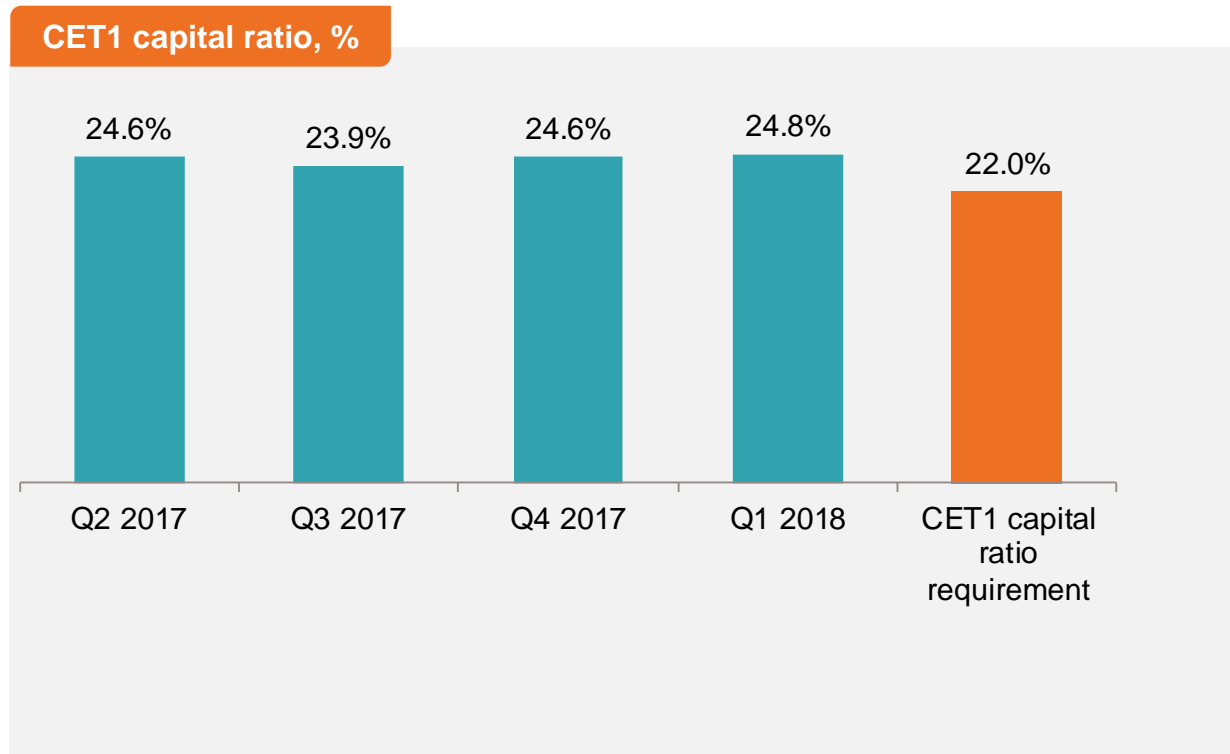
High customer activity

SEKm	Q1 18	Q4 17	▲ QoQ
Net interest income	6 294	6 326	-32
Net commission income	3 081	3 335	-254
Net gains and losses	559	356	203
Other income	806	959	-153
Total income	10 740	10 976	-236
Total expenses	4 169	4 563	-394
Profit before impairments	6 571	6 413	158
Credit impairments	127	311	-184
Other impairments	0	86	-86
Tax	1 410	1 277	133
Net profit	5 033	4 737	296
Ratios	Q1 18	Q4 17	
ROE, %	15.4	14.4	
C/l ratio	0.39	0.42	
CET1 capital ratio, %	24.8	24.6	

- Loan volume growth strengthened net interest income, mitigating higher resolution fund fee and fewer days
- Seasonally lower asset management income and cards income
- FX effects and high customer activity impacted net gains and losses positively
- Total expenses according to plan
- Solid asset quality

Capital

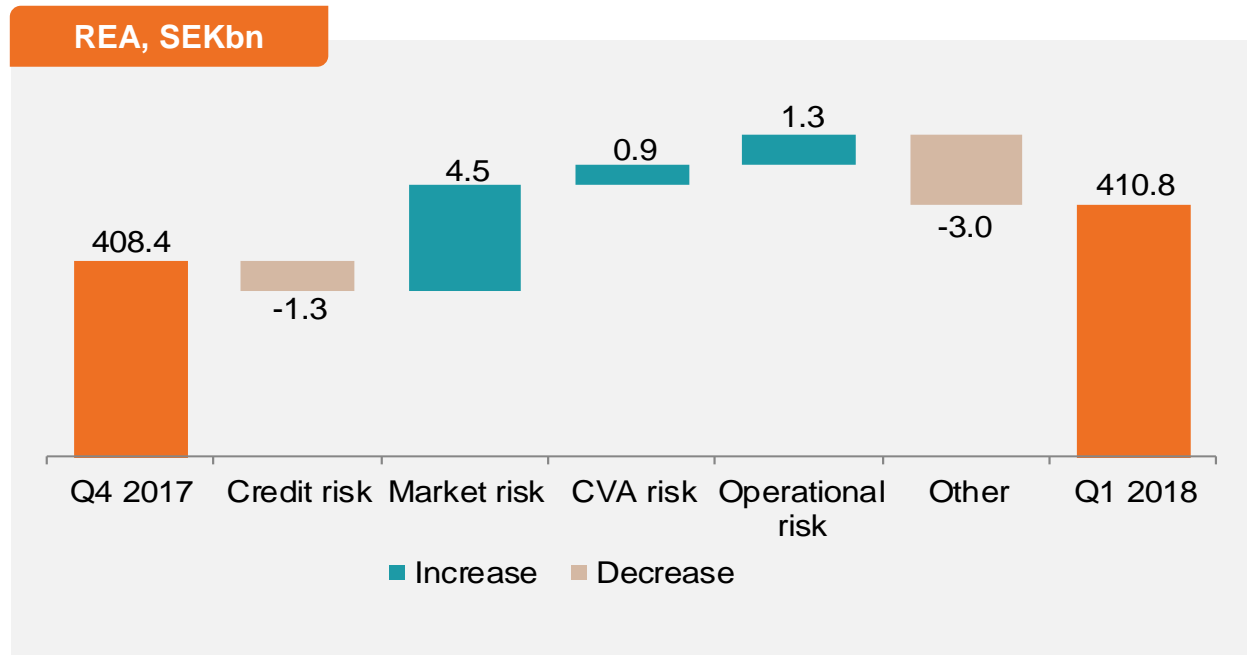
Strong capitalisation – no excess capital



- CET1 capital increased by SEK 1.4bn
 - Positive effect from net profit of SEK 1.7bn excl. dividend
 - Negative effect from IAS19 of SEK 0.1bn
 - IFRS 9 implementation reduced CET1 capital by SEK 0.4bn
- REA increased by SEK 2.4bn
- Buffer of around 280bps - above minimum requirements

Capital

Increased Risk Exposure Amount (REA)



- REA increased by SEK 2.4bn
 - Increased credit exposures offset by model adjustment in Baltic Banking
 - Higher market exposures
 - IFRS 9 implementation reduced REA by SEK 0.7bn

Group

Solid asset quality

Credit impairments, SEKm	Q1 18	Q4 17	▲ QoQ
Swedish Banking	253	264	-11
Baltic Banking	-26	-12	-14
Large Corporates & Institutions	-100	59	-159
Swedbank Group	127	311	-184

Ratios	Q1 18	Q4 17
Credit impairment ratio, %	0.03	0.08
Share of Stage 3 loans, gross %	0.71	*
Total credit impairment provision ratio, %	0.35	*

* n.a.

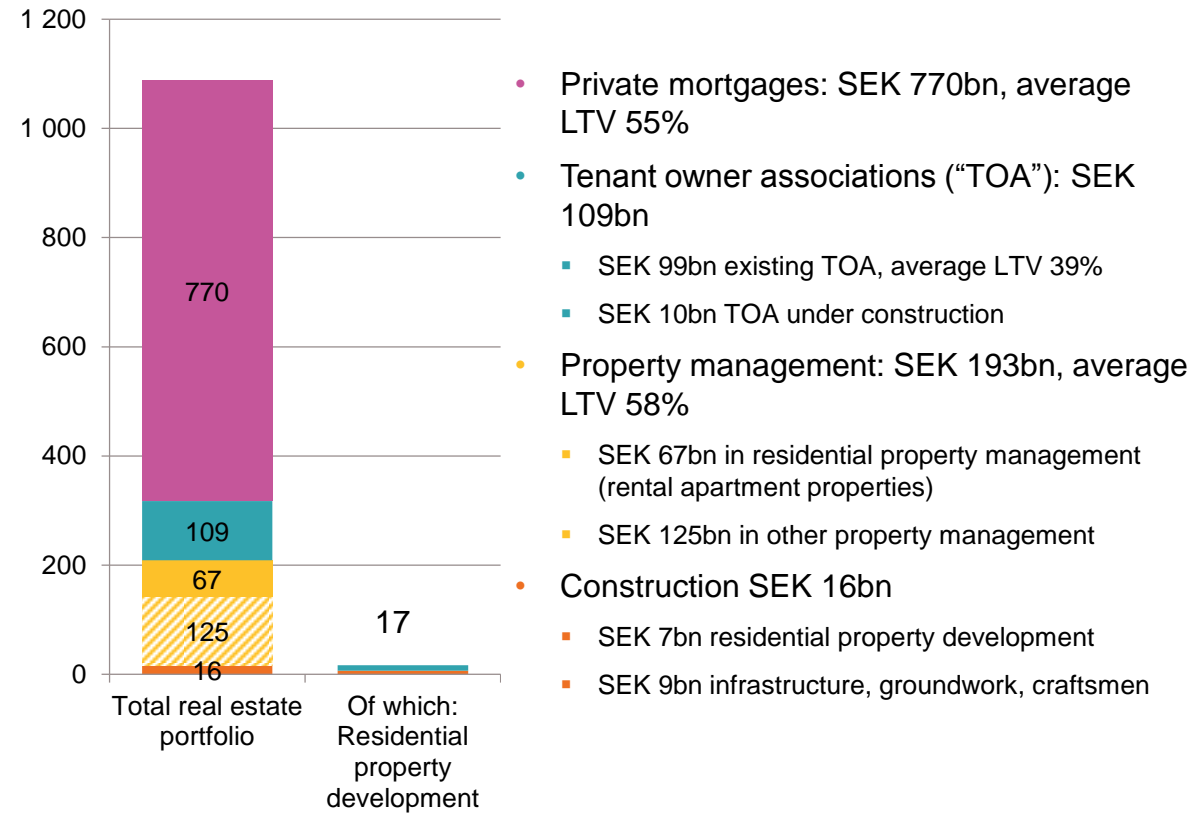
- Resilient asset quality in all business segments
- IFRS 9 effects

Appendix

Swedbank has a low-risk residential property portfolio



Real estate lending, net loans in Sweden, SEKbn

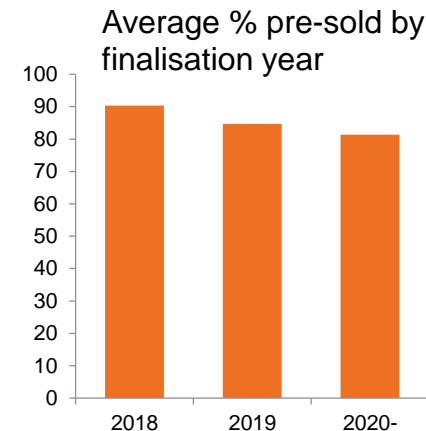
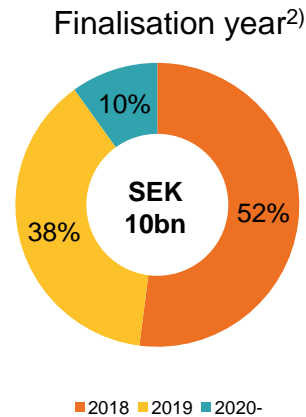
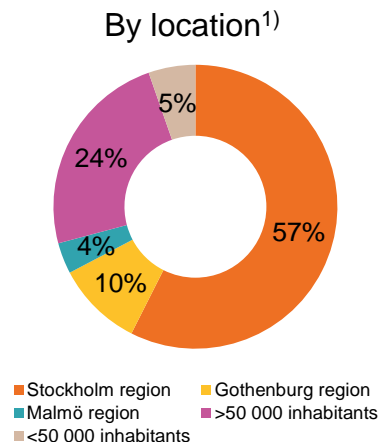


- Swedbank has pursued a low risk strategy by tightening origination standards, and prioritising price and risk over volume growth
- Bulk of assets in low risk segments
- Average LTVs in lower ranges
- Residential property developer exposures of SEK 17bn

Residential property developers - low exposure

- Total loan portfolio of SEK 17bn, mainly to the larger listed construction firms, with which Swedbank has long-term relations
 - SEK 10bn of the loans are related to tenant-owner rights projects
 - 90% of these projects will be finalised in 2018 and 2019
 - SEK 7bn of the loans are related to other construction activities
- On average 87% of the apartments are pre-sold

Tenant-owner rights related construction loans¹⁾ – the risk is highly mitigated

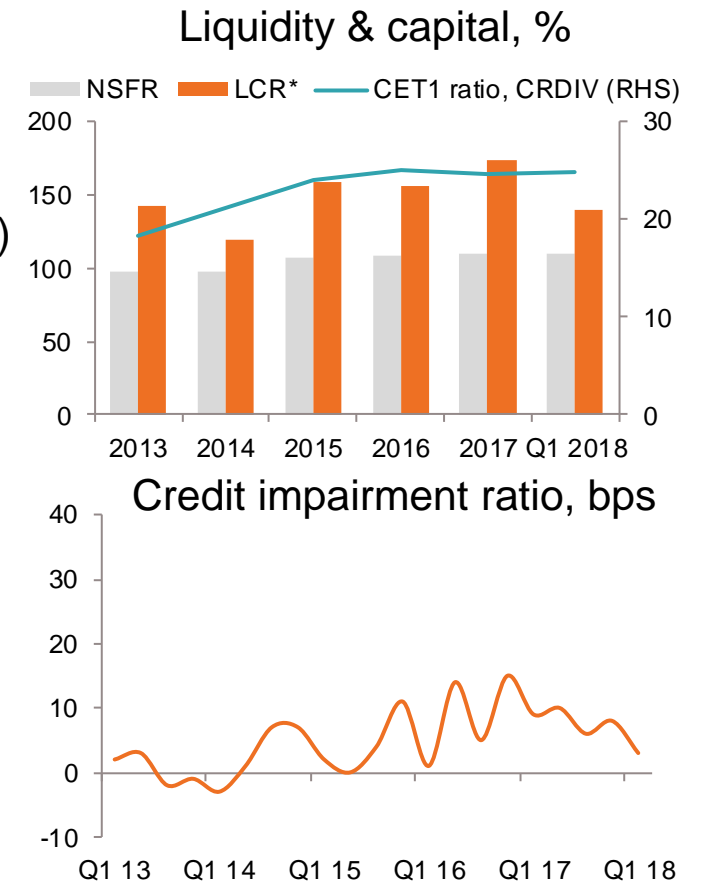


Swedbank – low-risk bank with strong capital base



- Low risk – a Board of Directors’ strategic priority – ensures access to funding markets and low funding cost
- Retail profile and four home markets a key feature
 - Around 86% of total loans originated in Sweden - Swedish mortgages account for 50% of total loans
 - 90% of total loans are collateralised (77.6% real estate and 12.3% other collateral)
- Strong capital position – Board of Directors’ decision to maintain a buffer above prevailing SFSA capital requirements to have operational flexibility – current buffer around 280bp
- Conservative funding and liquidity position – survival horizon longer than 12 months assuming closed funding markets, NSFR 110% and LCR 140%*
- Baltic operations self-funded – loan-to-deposit ratio < 100%

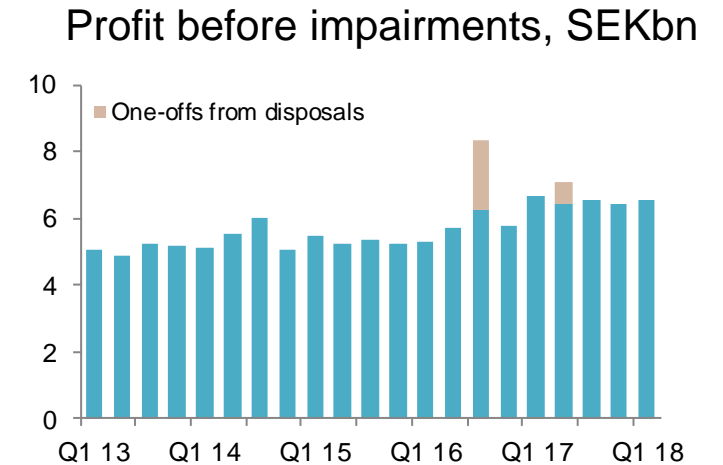
* From Q1 2018 – the Liquidity Coverage Ratio (LCR) is calculated in accordance with the Commission Delegated Regulation (EU 2015/61) of 10 October 2014 (also, see Fact book, page 57)



Swedbank – strong and stable earnings capacity



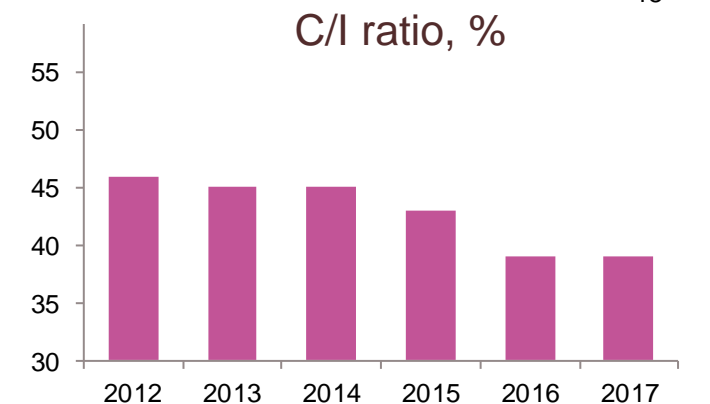
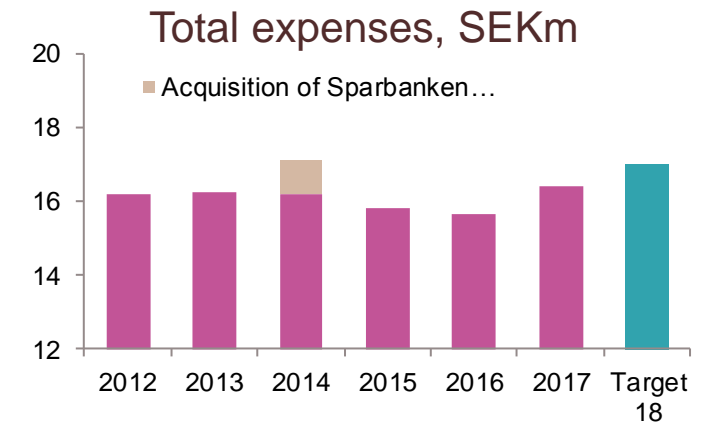
- Four home markets – Sweden, Estonia, Latvia and Lithuania
 - Strong and stable economies
 - Market-leading position in all home markets
 - Largest customer base in all home markets
- Retail profile ensures stable earnings with low volatility
- High cost efficiency – a strategic priority – ensures good profitability
- Stable earnings support a low risk profile and a strong capital position



Swedbank – market leader in cost efficiency

This is
Swedbank

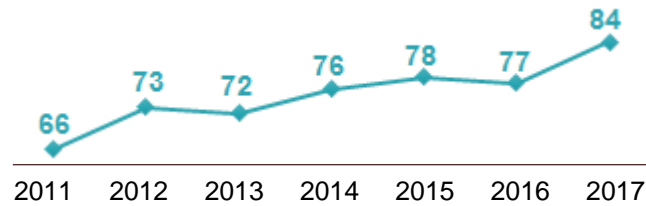
- Best-in-class cost efficiency – an executive management strategic priority
- Executive management strongly focused on cost and change management
 - Integrated in corporate culture
 - Focus on straight-through-processing
 - Evolving household banking model – digitisation trend
- Retail profile a key feature
 - Four home markets – Sweden, Estonia, Latvia and Lithuania – reduce complexity
 - Largest private and SME customer base
 - High degree of digitisation in home markets



Focus on sustainable business

Improved sustainability scores

Dow Jones Sustainability Index



Swedbank Robur wins “Sustainable actor of the year” award

Sustainable actor of the year

Swedbank Robur won Söderberg & Partners’ “Sustainable actor of the year” award. It was noted that Swedbank Robur prompted companies to become better at sustainability, by making its voice heard at both general meetings and in nomination committees.

Stronger Environmental Management System (EMS)

ISO

Swedbank’s upgraded Environmental Management System was certified with the new and more rigorous standard **ISO14001:2015**.

Swedbank is included in The Sustainability Yearbook 2018

The Sustainability Yearbook

The Sustainability Yearbook lists the world’s most sustainable companies in each industry as determined by their score in RobecoSAM’s annual Corporate Sustainability Assessment.



Green bonds – Swedbank taking the lead

Swedbank ran the books of 7 green bond deals, a total volume of USD 528m in the first quarter of 2018. Through the dedicated work of Swedbank’s Large Corporates & Institutions, we have taken a substantial lead in the market both with regards to the number of deals and volumes issued.

On March 22 Swedbank successfully issued its **second green bond**, a SEK 2 billion, senior unsecured 5 year bond, which will contribute to a more sustainable society as well as contribute to tackle climate change.

Eligible green assets	Sustainable Development Goal
Renewable energy	SDG7 and SDG13
Energy efficiency	SDG7, SDG11 and SDG13
Sustainable management of living natural resources	SDG15
Pollution prevention and control	SDG6 and SDG11
Clean transportation	SDG9 and SDG11, SDG13

Sustainability Indicators: towards the 2030 Agenda

Swedbank has developed a new methodology, Sustainability Indicators, to review the progress towards the UN 2030 Agenda for Sustainable Development. The aim is to support the business looking at ESG (environmental, social, governance) criteria and help to identify weaknesses and strengths in Sweden and the Baltic countries.

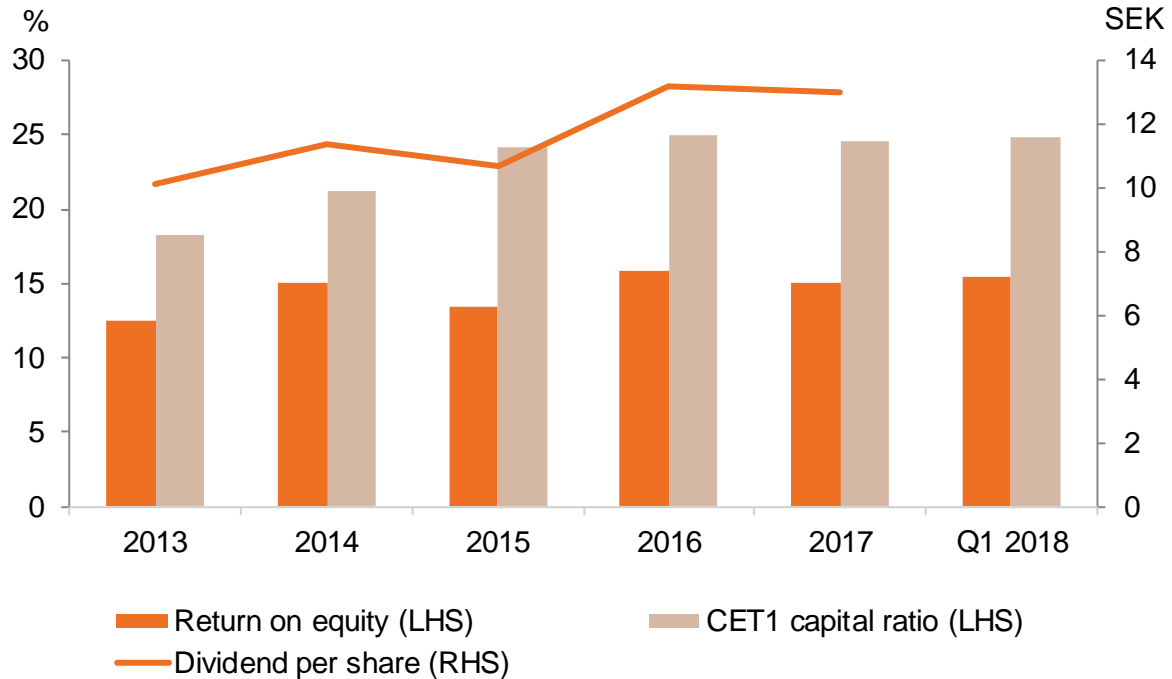
Progress towards UN SDGs, % of benchmark*

	Estonia	Latvia	Lithuania	Sweden
Sustainable medium-term growth (SDGs #4, 8, 9)	71	61	64	90
Social inclusion (SDGs # 1, 3, 5, 10)	56	55	55	89
Environmental protection (SDGs # 6, 7, 11, 12, 13)	58	72	70	82
Governance and institutions (SDGs # 16, 17)	70	51	62	97

Downward/stable trend during last 5 years (4 years for governance) – ↓

* Benchmark is 90 or 10th percentile of the EU 28 in 2015. In total 40 indicators covering 14 from 17 SDGs, aggregated to four pillars. Traffic lights - Sweden: >90% for green, 70-90% for yellow, 0-70% for red; Baltics: >80% for green, 60-80% for yellow, 0-60% for red.

Swedbank creates value



Return on Equity

>15% target

15.4%

Common Equity Tier 1 ratio

One of the highest among European banks

24.8%

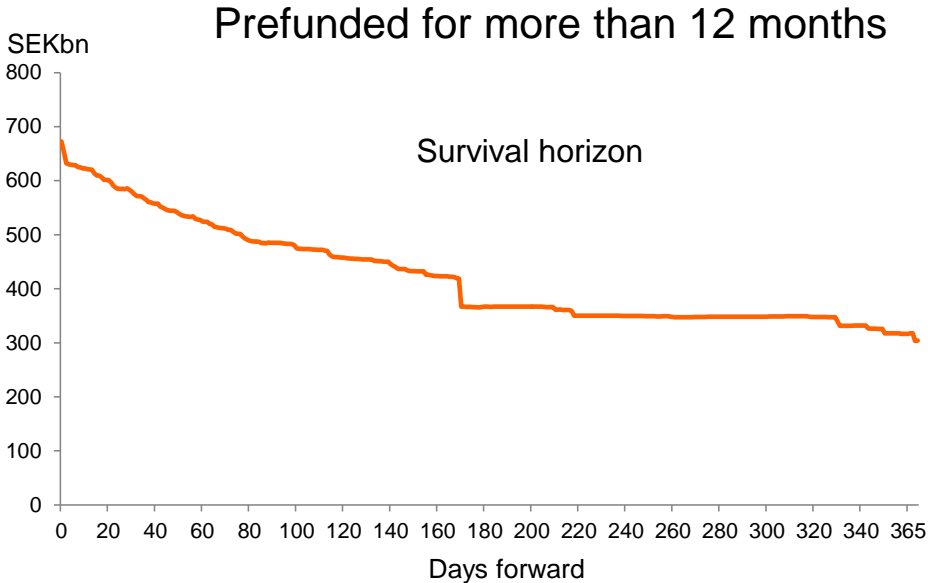
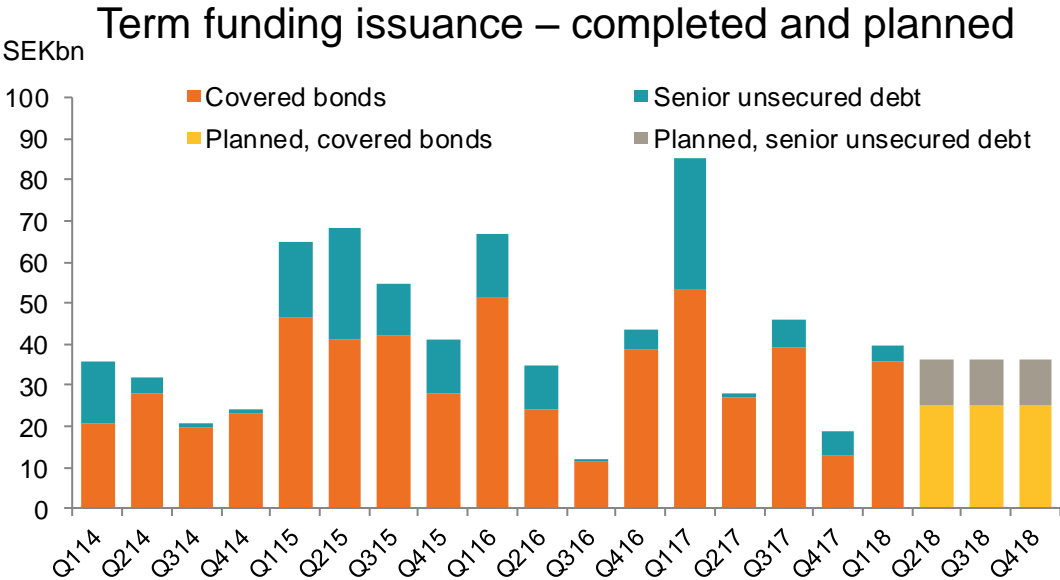
Dividend per share

75% payout ratio for 6th year in a row

SEK 13.00

Conservative funding position

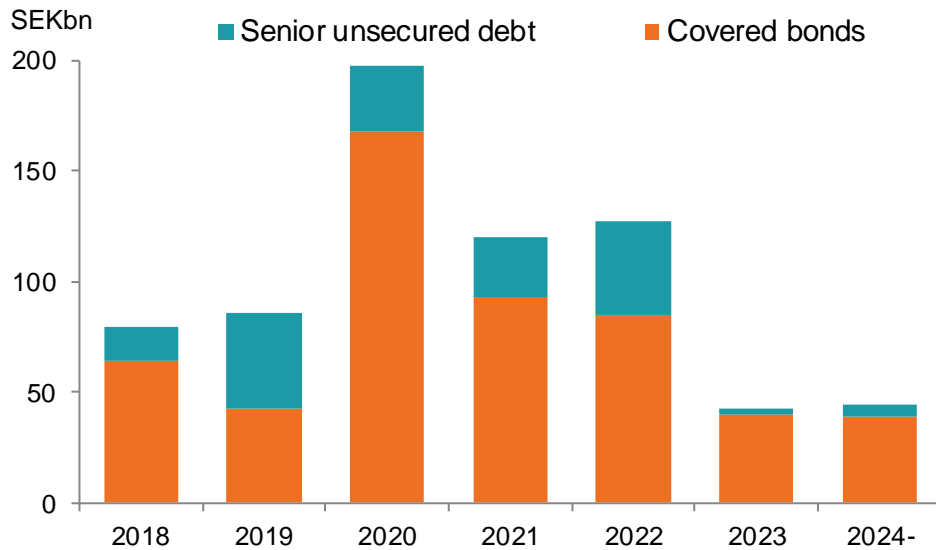
- LCR 140% (EU 2015/61)
- NSFR 110% (Basel committee)
- Issued around SEK 40bn of term funding in Q1 2018
- Plan to issue around SEK 145bn in 2018



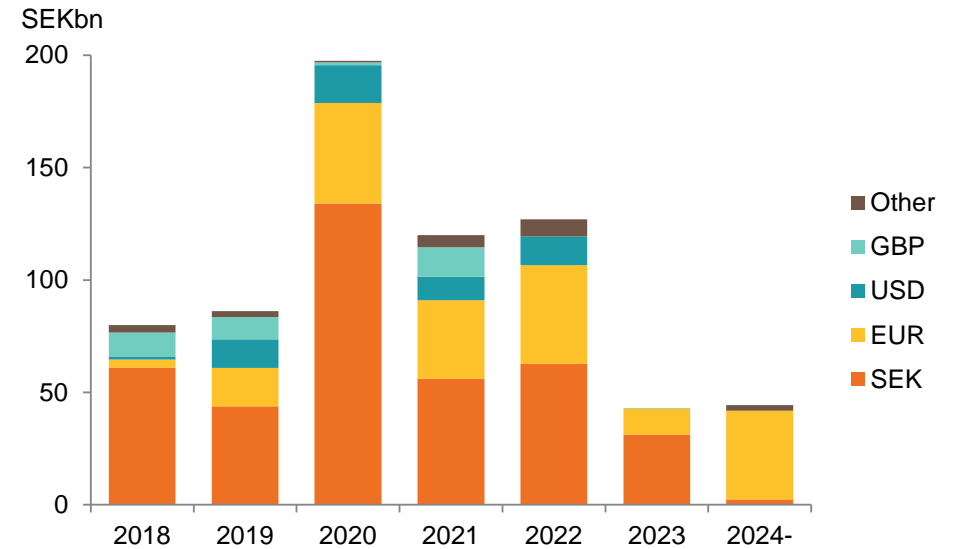
Long-term funding maturity profile



Long-term funding maturity profile, by funding source



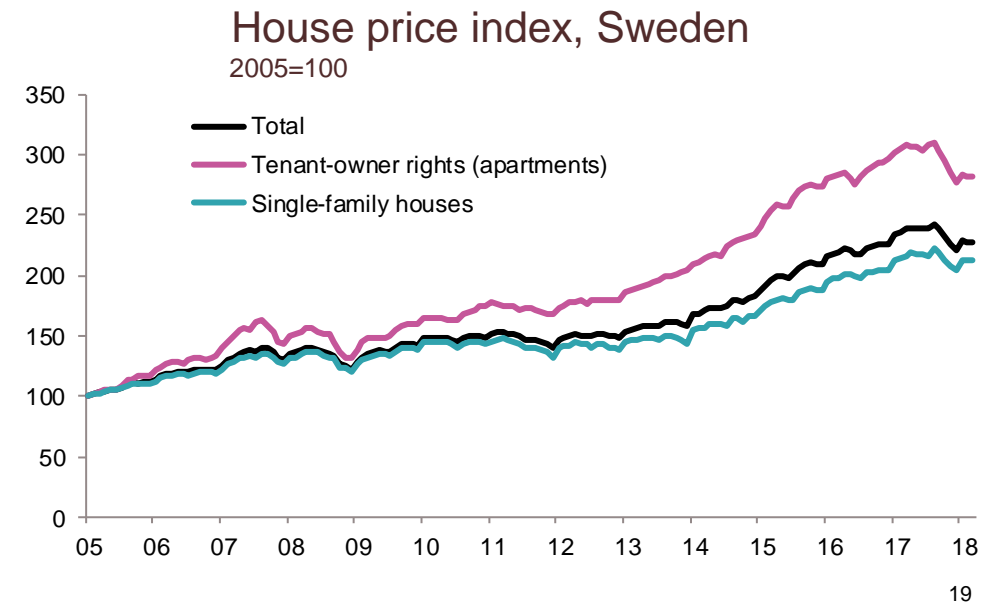
Long-term funding maturity profile, by currency



Real-estate price performance – Sweden, 12 month



	Single-family homes ¹	Tenant-owner rights ²	Combined ³
	12M Δ	12M Δ	12M Δ
Apr 17	8%	8%	8%
May 17	8%	9%	9%
Jun 17	9%	10%	10%
Jul 17	10%	9%	9%
Aug 17	10%	8%	9%
Sep 17	8%	4%	7%
Oct 17	4%	1%	3%
Nov 17	1%	-3%	0%
Dec 17	0%	-6%	-2%
Jan 18	0%	-6%	-2%
Feb 18	-1%	-8%	-4%
Mar 18	-2%	-9%	-4%



Source: Valuegard www.valuegard.se (Based on data from Mäklarstatistik), ¹ HOXHOUSESWE, ² HOXFLATSWE (apartments), ³ HOXSWE
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